

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6293

BILL NUMBER: HB 1050

NOTE PREPARED: Feb 15, 2010

BILL AMENDED: Feb 11, 2010

SUBJECT: Police Officers' and Firefighters' 1977 Pension and Disability Fund.

FIRST AUTHOR: Rep. Crouch

FIRST SPONSOR: Sen. Becker

BILL STATUS: 2nd Reading - 2nd House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: (Amended) This bill allows a member of the 1977 Police Officers' and Firefighters' Pension and Disability Fund (1977 Fund) to designate one or more beneficiaries to receive the 1977 Fund member's contributions plus interest if the 1977 Fund member dies without receiving retirement or disability benefits and without a spouse, child, or parent entitled to receive survivor benefits. It provides that, if the member does not designate a beneficiary, the member's contributions and accumulated interest shall be refunded to the member's estate.

The bill specifies that for purposes of receiving a survivor benefit a parent is wholly dependent on a member of the 1977 Fund if the 1977 Fund member claimed the parent as a dependent on the federal income tax return filed by the 1977 Fund member in the year before the year in which the 1977 Fund member died.

Effective Date: (Amended) July 1, 2009 (Retroactive).

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: According to PERF, administrator of the 1977 Police Officers' and Firefighters' Pension and Disability Fund, this type of situation rarely occurs. The actuary for the 1977 Fund has estimated an increase in annual costs of \$55,000 and an increase in unfunded accrued liabilities of \$423,000. However, there is no increase in annual cost as a percent of pay and no decrease in funded status. The fiscal impact assumes that 3% of the deaths that occur while a member is active and eligible for retirement will occur when the member dies without a spouse, child, or parent entitled to receive survivor benefits.

Explanation of Local Revenues:

State Agencies Affected: PERF as administrators of the 1977 Fund.

Local Agencies Affected: Those units with members in the 1977 Fund.

Information Sources: Kathryn Cimera, Chief Legal Counsel of PERF, 317-234-6222 and Floyd Teamer, Manager of non-PERF funds, 317-234-5307; Doug Todd of McCready & Keene, Inc., actuaries for PERF, 317-576-1508.

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